

Message Text

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16

ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 NEA-14 IO-14 ISO-00

AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-03 H-03

INR-11 INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01

AID-20 CIEP-03 SS-20 STR-08 TAR-02 TRSE-00 USIA-15

PRS-01 SP-03 OMB-01 SWF-02 FEA-02 DRC-01 /248 W

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R 280010Z SEP 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 4322

INFO: RUEHBAC/AMEMBASSY CANBERRA 939

AMEMBASSY LA PAZ

AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMEMBASSY BOGOTA

AMEMBASSY SAN JOSE

AMEMBASSY SANTO DOMINGO

AMEMBASSY QUITO

AMEMBASSY SAN SALVADOR

AMEMBASSY ADDIS ABABA

AMEMBASSY ACCRA

AMEMBASSY GUATEMALA

AMEMBASSY CONAKRY

AMEMBASSY PORT AU PRINCE

AMEMBASSY TEGUCIGALPA

AMEMBASSY NEW DELHI

AMEMBASSY JAKARTA

AMEMBASSY KINGSTON

AMEMBASSY NAIROBI

AMEMBASSY MONROVIA

AMEMBASSY MEXICO

AMEMBASSY MANAGUA

AMEMBASSY YAOUNDE

AMEMBASSY BANGUI

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AMEMBASSY LIBREVILLE

AMEMBASSY ABIDJAN
AMEMBASSY TANANARIVE
AMEMBASSY LOME
AMEMBASSY PANAMA
AMEMBASSY ASUNCION
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AMEMBASSY KINSHASA
AMEMBASSY LAGOS
AMCONSUL LUANDA
USMISSION GENEVA

C O N F I D E N T I A L SECTION 1 OF 2 LONDON 12674

E.O. 11762: N/A

TAGS: ETRD, EAGR

SUBJECT: COFFEE: INTERNATIONAL COFFEE COUNCIL

REF: LONDON 12515

1. AS REPORTED SEPTELS, TWENTY-FIFTH SESSION INTERNATIONAL COFFEE COUNCIL APPROVED FOR RECOMMENDATION TO MEMBER GOVERNMENTS TEXT OF DRAFT PROTOCOL TO EXTEND PRESENT ADMINISTRATIVE-TYPE COFFEE AGREEMENT (ICA) UNTIL SEPT 30, 1976 TO ALLOW MORE TIME FOR NEGOTIATIONS FOR NEW ICA CONTAINING ECONOMIC PROVISIONS. SUCH ACTION WAS PRETTY MUCH FOREGONE CONCLUSION SINCE FAILURE SERIOUS NEGOTIATIONS TO GET UNDER WAY DURING PAST YEAR, DUE LARGELY TO DISARRAY AMONG PRODUCING COUNTRIES AND THEIR CONSEQUENT DISINTEREST IN ACTIVELY PURSUING NEGOTIATIONS, HAS LEFT INADEQUATE TIME TO NEGOTIATE AND BRING INTO FORCE A NEW ICA BY TIME PRESENT AGREEMENT EXPIRES SEPT 30, 1975. FOLLOWING ARE SOME OBSERVATIONS ON ATTITUDES AND BEHAVIOR OF VARIOUS DELEGATIONS MANIFESTED DURING TWENTY-FIFTH SESSION OF COUNCIL.
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2. ONE OF MOST INTERESTING DEVELOPMENTS HAS BEEN SEEMING EMERGENCE OF AFRICANS IN LEADERSHIP ROLE AMONG PRODUCERS. THE RUNNING WAS MADE BY THE AFRICAN GROUP, OF WHICH IVORY COAST MINISTER OF AGRICULTURE, SAWADOGO, IS EFFECTIVE LEADER. IVORY COAST PERMANENT REPRESENTATIVE TO ICO, GEORGES N'DIA, IS CHAIRMAN OF AND SPOKESMAN FOR PRODUCER GROUP. THE NEGOTIATING PROCEDURE AND

SCHEDULE ADOPTED BY THE COUNCIL WAS ESSENTIALLY THE INITIATIVE OF SAWADOGO, ABLY MANEUVERED THROUGH BY N'DIA, THOUGH SOMEWHAT WATERED-DOWN BY BRAZIL AND SOME OTHER LATIN AMERICAN PRODUCERS. MANY CONSUMER REPRESENTATIVES EXPRESSED PRIVATELY THEIR SURPRISE THAT PROPOSAL WAS NOT MORE AMBITIOUS. THE FRENCH DEL, WITH SOME SUPPORT FROM THE NETHERLANDS, SEEMED TO PRESS FOR AN EVEN FASTER MOVEMENT TOWARD NEGOTIATIONS, REVEALING ON MORE THAN ONE OCCASION A CLEAR AIM OF EMBARRASSING THE BRAZILIANS AND TRYING TO FORCE THEM INTO A PUBLIC POSTURE OF OP-POSING OR THWARTING "PREMATURE" NEGOTIATIONS. SOME PUZZLEMENT WAS EXPRESSED BY A NUMBER OF DELEGATES OVER THE FACT THAT SAWADOGO WAS IN LONDON FOR ONLY ONE DAY, THE FINAL SCHEDULED DAY OF THE EXECUTIVE BOARD, AND DID NOT STAY FOR EVEN THE OPENING OF THE COUNCIL. THIS GAVE RISE TO DOUBTS ABOUT THE SINCERITY OF HIS PRO-FESSED ANXIETY TO GET NEGOTIATIONS MOVING, ALTHOUGH IT IS DOUBTFUL THAT HIS REMAINING IN LONDON THROUGHOUT THE COUNCIL WOULD HAVE CHANGED THE FINAL RESULTS.

3. THE BRAZILIAN DELEGATION KEPT A VERY LOW PROFILE THROUGHOUT- PRETTY MUCH CONFINING ITS INTERVENTIONS TO INSURING THAT ISSUES WERE NOT FORCED AND BASIC NEGOTIATING POLICY DECISIONS WERE NOT IN ANY WAY PREJUDGED BY COUNCIL DECISIONS AT THIS STAGE. IBC PRESIDENT CALAZAUS WAS PRESENT FOR THE OPENING OF THE EXECUTIVE BOARD MEETINGS SEPT 9. ACCORDING TO THE BRAZILIAN DELEGATION HIS ORIGINAL PLANS WERE TO LEAVE LONDON THAT SAME WEEK BUT HE WAS EVIDENTLY PERSUADED BY HIS ADVISERS TO STICK IT OUT BECAUSE HE DID, IN FACT, REMAIN TILL THE END OF THE COUNCIL SESSION. HIS EARLIER DEPARTURE WOULD OBVIOUSLY HAVE BEEN INTERPRETED AS A LACK OF INTEREST ON THE PART OF BRAZIL IN ANY SERIOUS PURSUIT

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OF NEGOTIATIONS.

4. ARTURO GOMEZ JERAMILLO, HEAD OF THE COLOMBIAN DELE-GATION, KEPT SUCH A LOW PROFILE AS TO BE ALL BUT IN-VISIBLE. AND THE COLOMBIAN DELEGATION REMAINED EVEN MORE SILENT THAN CUSTOMARILY IN FORMAL MEETINGS. ONE ACTIVE INITIATIVE BY COLOMBIA TOGETHER WITH EL SALVADOR, TO FORCE AN ABANDONMENT OF COLLECTION AND PUBLICATION OF THE ICO INDICATOR PRICES BY CUTTING PROVISION THEREFORE OUT OF THE BUDGET STIRRED UP A STORM. WHEN THE ISSUE WAS SUDDENLY RAISED IN A PLENARY SESSION A STORM OF PROTEST ROSE FROM CONSUMERS INCLUDING THE US, AND ANY SEMBLANCE OF PRODUCER UNITY VANISHED. PRODUCER CHAIRMAN N'DIA QUICKLY BACKED-OFF AND CALAZANS (BRAZIL) SPOKE FORCEFULLY TO SAY, THAT WITH ALL ITS FAULTS, THE

PRESENT INDICATOR PRICE SYSTEM IS BETTER THAN NOTHING
AND SHOULD BE KEPT UNTIL SOMETHING BETTER IS DEvised.
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C O N F I D E N T I A L SECTION 2 OF 2 LONDON 12674

5. RICARDO FALLA CACERES (EL SALVADOR) PRESENTED AB-NORMALLY DEPRESSED ASPECT THROUGHOUT. HIS ACTIVE ROLE IN THE ILL-FATED CENTRAL AMERICAN GROUP'S INTERVENTION AND RETENTION SCHEMES SEEKING TO BOLSTER OTHER MILDS PRICES AND HIS REPORTED CONSEQUENT TROUBLES AT HOME HAD CLEARLY DISSIPATED HIS USUAL EBULLIENCE. HE JOINED THE MEXICAN DELEGATE IN PUSHING AMONG PRODUCERS FOR YET ANOTHER RETENTION SCHEME AND DISCUSSIONS OF THIS THEME WERE CARRIED ON BY A PRODUCER WORKING GROUP AS A SORT OF SIDE SHOW TO THE MAIN SCHEDULED WORK OF THE COUNCIL. TOWARD THE END OF THE COUNCIL HE GLUMLY APPROACHED THE USDEL TO ASK WHETHER IT WOULDN'T BE POSSIBLE TO DEVELOP A DIALOGUE WITH CONSUMER GOVERNMENTS (I. E. THE US) OR WITH THE MAJOR ROASTERS IN QUEST OF SOME AGREED SUPPORT FOR THE PRESENTLY DECLINING MARKET. HE CHARACTERIZED THE PRODUCER STOCK RETENTION EFFORTS AS A "MISGUIDED TACTICAL BLUNDER." ACCORDING TO AN AUTHORITATIVE SOURCE, HIS SELECTION AS BOARD CHAIRMAN WAS BECAUSE (1) IT WAS THE TURN OF A CENTRAL AMERICAN AND BECAUSE OF THEIR ROLE IN THE RECENT ABORTIVE INITIATIVE OF PEPE FIGUERES (COSTA RICA) TO ORGANIZE THE COFFEE MARKET,
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NEITHER OF THE OTHER LOGICAL CANDIDATES (COSTA RICA AND GUATEMALA) WERE ACCEPTABLE AMONG LATIN AMERICAN PRODUCERS AND (2) FALLA'S APPOINTMENT TO THE CHAIRMANSHIP WOULD SALVAGE HIS POSITION AT HOME.

6. THERE WAS CONSIDERABLE SENTIMENT AMONG CONSUMER DELEGATIONS TO PUBLICLY CHASTIZE PRODUCERS FOR HAVING DEVOTED SO MUCH TIME AND EFFORT HERE TO THEIR EXTRA-CURRICULAR DISCUSSIONS OF STOCK RETENTIONS AND SUPPLY RESTRAINTS TO DEAL WITH IMMEDIATE MARKET WEAKNESS. AFTER DISCUSSION AMONG CONSUMERS, THE FORMAL STATEMENTS BY THE CONSUMER CHAIRMAN AND THE UK DEL JUST AT THE END OF THE COUNCIL SESSION WERE WATERED-DOWN AND ONLY MILDLY PROVOCATIVE. US INDUSTRY ADVISERS COUNSELED STRONGLY AGAINST MAKING A SERIOUS ISSUE OF THE PRODUCER ACTIVITIES, MAINLY ON THE GROUNDS THAT THOSE ACTIVITIES HAD LITTLE PROSPECT FOR ANY REAL SUCCESS AND PROVOCATION OF AN ACrimonious OPEN BATTLE OVER THEM IN THE COUNCIL COULD SERVE ONLY TO GENERATE EVEN MORE MEDIA ATTENTION AND THUS PROVIDE GREATER PROPAGANDA FOR THE PRODUCERS, WITH DISRUPTIVE EFFECTS IN THE HIGHLY SPECULATIVE MARKET. FORTUNATELY, THE FEARED DONNYBROOK WAS NOT PRECIPITATED BY THE MILD CONSUMER STATEMENTS AND THE COUNCIL SESSION ENDED WITHOUT VIOLENT RECRIMINATIONS OR ACrimony AND NO FURTHER MEDIA ATTENTION HAS SO FAR APPEARED IN LONDON.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENT DRAFT, COFFEE, MEETING AGENDA, MEETING DELEGATIONS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LONDON12674
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: DG ALTERED
Executive Order: GS
Errors: N/A
Film Number: D740274-0568
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974095/aaaaadst.tel
Line Count: 306
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: LONDON 12515
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 03 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 JUN 2002 by kelleyw0>; APPROVED <07 MAR 2003 by izenbei0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COFFEE: INTERNATIONAL COFFEE COUNCIL
TAGS: ETRD, EAGR, XX, ICO
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005